

LEASE AGREEMENT

Between

And

CITY OF GLADSTONE, a  
Michigan Municipal Corporation,  
1100 Delta Avenue  
Gladstone, MI 49837

GLADSTONE YACHT CLUB, INC.  
A Michigan corporation  
Gladstone Harbor  
Gladstone, MI 49837

Hereinafter referred to  
as "LESSOR"

Hereinafter referred to  
as "LESSEE"

WITNESSETH:

WHEREAS, the parties hereto desire to enter into an agreement to lease certain real property hereinafter described, which is the property of the Lessor, and

WHEREAS, it is necessary and desirable to reduce to writing the covenants and agreements of the parties relative thereto;

NOW THEREFORE, for and in consideration of the covenants and agreements contained herein, the parties hereto agree as follows:

1. DESCRIPTION OF PROPERTY;

The Lessor, in consideration of the rent and covenants herein contained, does hereby let and lease to the Lessee all that certain piece or parcel of real property (hereinafter referred to as "the demised premises") situated in the City of Gladstone, County of Delta, State of Michigan, as more particularly set forth in the attached Exhibit "A".

2. TERM OF LEASE AND RENTAL:

Lessee rents the above premises for a term of Thirty (30) years commencing March 1, 2001, and terminating on February 28, 2031, or sooner as provided herein, at the annual rental of One (\$1.00) Dollar payable in advance, on March First of each year, during the term of this lease. All rental payments shall be made to Lessor at the address specified above, or elsewhere as Lessor may direct.

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3. USE OF PREMISES:

The leased premises shall be used and occupied for the purpose of maintaining a building or buildings thereon for the use of said Gladstone Yacht Club and its members. It is expressly agreed and understood that in the event such premises shall cease to be used for the purposes above mentioned, that this lease shall cease and the premises shall revert to the Lessor.

4. TERMINATION:

This lease may be terminated prior to the termination date contained herein on six (6) months written notice by the Lessor to the Lessee at the address indicated above. In the event of early termination by the Lessor, or in the event of non-renewal of this Lease at the end of its current term, the Lessor shall reimburse the Lessee for the fair market value of the building or buildings and their improvements located on the demised premises. In the event the parties hereto cannot agree as to the fair market value of the property, each shall retain an appraiser who is experienced in appraising real property in the Delta County area to determine the fair market value. In the event the two appraisers cannot agree as to its fair market value, they shall appoint a third appraiser, and agreement by two out of three appraisers shall constitute the fair market value of the property. Said payments shall be made to the Lessee within thirty (30) days after termination of the Lease. In the event of termination of this agreement, the City agrees to make a good faith effort to find suitable replacement property within City limits, on the lakefront if possible, for use as a Yacht Club.

5. ALTERATIONS, ADDITIONS AND IMPROVEMENTS:

Lessee shall have the right to make alterations and improvements to the leased premises provided that such alterations and improvements do not diminish the value of the said premises and provided further, however, that any structural changes to the building located thereon shall not require the prior written consent of Lessor. This right to make alterations and improvements shall include the right to remove existing signs on the exterior of the premises and the right to install its own signs, the right to alter existing signs for its own purposes and the right to install and/or alter any interior partitions of a non-structural nature provided, however, that all such alterations and improvements shall be performed at the sole expense of Lessee and in compliance with all applicable ordinances and building codes and shall be of a quality at least equal to the original work. Any signs installed by Lessee shall at the expiration of the Lease term be removed by it and any damage caused by such removal shall be repaired at Lessee's

expense.

6. REPAIRS AND MAINTENANCE:

Lessee shall, during the term of this lease, at its sole expense, keep the interior and exterior of the demised premises in as good an order and repair as it is at the date of the commencement of this lease, and shall repair at its own expense any damage which occurs to the interior or exterior of the building, including door and windows, resulting from Lessee's business operation, reasonable wear and tear and damage by accidental fire or casualty excepted. In addition, Lessee shall make, at its sole expense, all routine repairs to the plumbing, toilet facilities, water, and electrical systems.

Lessee shall maintain any lawn and parking area in and about the demised premises in good order and repair, including the removal of snow, ice, rubbish and other obstructions.

b. Obligations of Lessor: Lessor, during the term of this lease, shall have no obligation or liability to make any repairs whatsoever, the Lessee having sole obligation to do so.

7. TAXES AND ASSESSMENTS:

Lessee shall pay any personal property taxes and any other taxes assessed against the demised premises, including any and all special assessments.

8. UTILITIES AND JANITORIAL SERVICE:

Lessee shall pay all charges for electric, gas, water and other utility services required in connection with Lessee's use of the demised premises. If such charges are not paid by Lessee when due, Lessor may pay the same, and the amount so paid by Lessor shall be deemed to be additional rental hereunder and shall be payable by Lessee to Lessor upon demand. Lessee shall also be responsible for the routine janitorial service in conjunction with its obligation to maintain the premises in a good condition.

9. INDEMNITY AND PUBLIC LIABILITY:

Lessee covenants at all times to indemnify and save Lessor harmless from all loss, liability, costs or all damages which may occur, or be claimed with respect to any person or property on, in or about the leased premises or to the leased premises themselves resulting from any act done or omission by or through Lessee, its agents, its employees, invitees or any other person on the premises by reason of Lessee's use or occupancy or resulting from Lessee's non-use, or possession of such property

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and any and all loss, costs, liability or expense resulting therefrom; and further covenants at all times to maintain such premises in a safe and careful manner.

During the term of the lease, the Lessee shall obtain, pay all premiums for, and furnish certificates to, the Lessor for insurance as specified herein:

(A) Public liability insurance protecting the parties hereto, their agents, officers, elected officials, representatives or employees because of liability incurred by the parties in the performance of the terms of this Lease which such liability is imposed on account of injury to or death of a person or persons, such policy to provide limits on account of any accident resulting in injury or death to one person of not less than \$500,000.00, and a liability limit on account of any accident resulting in injury or death to more than one person of not less than one million dollars.

(B) Property damage insurance protecting the parties because of liability that may be incurred by the parties, their officers, agents, elected officials, representatives or employees in the performance of the terms of this lease, such policy to provide for a limitation on account of each accident of not less than \$50,000.00.

(C) Workers' Compensation Insurance for all employees engaged in work on said premises.

All such insurance contracts shall name the Lessor and Lessee as their interests appear and shall inure to the benefit of the Lessee and Lessor and their officers, agents and elected officials, representatives and employees. Such insurance contracts shall be with companies acceptable to Lessor and they shall require thirty (30) days prior written notice to both parties hereto of any cancellation.

#### 10. PUBLIC REQUIREMENTS:

The Lessee shall comply with all laws, orders, ordinances and other public requirements now or hereafter affecting the premises and the use thereof and save Lessor harmless from expense or damage resulting from failure to do so. The Lessee shall not discriminate the use of its facilities on the basis of race, color, religion, gender, disability, national origin or age.

#### 11. ASSIGNMENT AND SUB-LEASE:

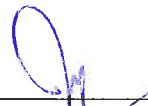
Lessee shall not assign, transfer or encumber this lease and shall not sub-lease the premises or any part thereof, or allow

any other person to be in possession thereof without the prior written consent of Lessor.

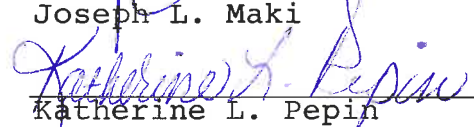
IN WITNESS WHEREOF, the parties hereto have hereunto set their hands this 23 day of July, 2001.

In the Presence of:

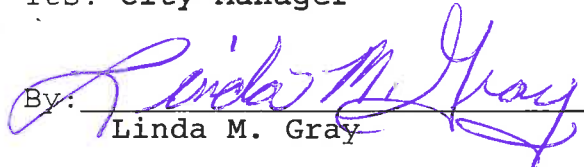
CITY OF GLADSTONE

  
\_\_\_\_\_  
Joseph L. Maki

By: Brian W. Horst  
Brian W. Horst

  
\_\_\_\_\_  
Katherine L. Pepin

Its: City Manager

  
By: \_\_\_\_\_  
Linda M. Gray

Its: City Clerk

In the Presence of:

GLADSTONE YACHT CLUB, INC.

Kruth A. Clark  
\_\_\_\_\_

By: Michael J. Gault  
\_\_\_\_\_

Angelo St. Iohanna  
\_\_\_\_\_

Its: Commander

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